

## **VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

Meeting of the Board of Trustees –In-House Meeting

**November 18<sup>th</sup>, 2014 – 9:00 a.m.**

### **Members present:**

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015  
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016  
THOMAS CANDON, representing Commissioner of Department of Financial Regulation  
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017  
LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2016  
ELIZABETH PEARCE, VT State Treasurer

### **Members absent:**

VAUGHN ALTEMUS, representing Secretary of Agency of Education  
Active Member Alternate Representative – vacant

### **Also attending:**

Laurie Lanphear, Director of Retirement Operations  
Joshua McCormick, assistant to Kathie Kretzer  
Katie Green, Investments Manager

The Chairperson, Jon Harris, called the Tuesday, November 18, 2014, meeting to order at 9:03 a.m., which was held in the Treasurer's small Conference Room, fourth floor, 109 State Street, Montpelier, VT.

### **ITEM 1:      Approve the Minutes of:**

- **October 29, 2014**

**On motion by Mr. Mackey, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of October 29, 2014, as submitted.**

### **ITEM 2:      Historical Funding Report**

Ms. Pearce presented a draft copy of the VSTRS Historical Data Trends to the board. This draft report showed numerous charts and graphs including VSTRS payroll vs 1979 dollars, Market Value of Assets, Unfunded Liability, Funding percentage, Demographic Data, Active Member Average Salary, Ratio of Retiree's vs Active Members, and Breakdown of Monies for the Teacher's Retirement System. Ms. Pearce also went over the details and impacts of the 2010 health care changes.

Ms. Pearce stated that the Market Value of Assets are 1.705 million which gives a 14.2% investment rate of return. The Actuarial Value of Assets are 1.61 million which makes the actuarial value 94.4% of the market value. Ms. Pearce stated that it allows gains to be deferred into the future. Ms. Pearce also stated she will add another chart to the finalized report, Average Annual Retiree Benefit. Ms. Pearce stated that she recently met with the Secretary of Education

about assessing federal grants. She expects to have data back from the secretary in the beginning of December.

**ITEM 3:      New Agenda item – Contract for Delta Dental**

Ms. Pearce explained that the Contract with Delta Dental will be expiring on 12/31/14 and would like to negotiate with Delta Dental and renew the contract with them. Mr. Candon asked if there is anyone else in the market. Ms. Pearce stated that there was not much competition.

**On motion by Mr. Mackey, seconded by Mr. Norris, the board unanimously voted to authorize the Treasurer's office to enter into negotiations with Delta Dental.**

**ITEM 4:      Great West Presentation**

Great West representatives only give presentations every six months so they were not present at this meeting. Ms. Green did go over with the board the "Asset Distribution by Fund" chart that Great West provided. The board discussed the performance of the PIMCO fund and expressed their concerns. Ms. Green and Ms. Pearce stated that the Treasurer's office and VPIC are keeping an eye on PIMCO's performance and are working on getting a contingency plan ready in the event that those assets need to be moved. Ms. Green did recommend to board members they should set up calls to advised assets to get all information possible before moving any assets.

**ITEM 5:      Trustee Manual**

The contents for the draft of the board's trustee manual were presented. This included board directories, the 2015 meeting schedule, online links of interest, and information about 403B. The board noted any corrections that they saw and it was suggested that this trustee manual be an electronic document which could be updated as time went on. The board agreed to this suggestion. Some other things that will be added to this manual are Fiduciary Responsibilities, board member fiduciary responsibilities, code of conduct/ethics, and list of laws.

**ITEM 6:      VPAS/Word Processing manuals – list of internal documents**

The list of internal manuals was presented to the board. The board thanked Ms. Lanphear for the update.

**ITEM 7:      Retirement Counselor Disability Checklist**

The retirement counselor disability checklist was presented to the board. This checklist helps the counselor make sure nothing is forgotten about when someone meets with them to apply for disability retirement. The board thanked Ms. Lanphear for presenting this checklist to them.

**ITEM 8:**      **Review of how a MRB doctor and hearing officer is hired**

Ms. Lanphear and the board discussed various aspects and current information regarding MRB doctors and hearing officers. Topics discussed were number of hearings in the past few years, current procedures of how hearing officers and MRB doctors are found/hired, and what qualifications are required. Ms. Pearce asked the board to defer this topic until more information is available.

**ITEM 9:**      **Any other business to be brought before the board**

Ms. Pearce informed the board that Austine School, which was a non-profit entity, has now been taken over by a for-profit entity and is no longer eligible to be in the retirement system due to IRS reasons.

Mr. Candon notified the board that he has put in a letter to Governor Shumlin that he would no longer wish to be appointed as a representative to the board at the time of his renewal. His current term expires 12/31/14.

Ms. Deliduka and Mr. Mackey shared with the board their experience at the NCTR conference in Indianapolis.

**ITEM 10:**      **Adjournment**

**On motion by Ms. Pearce, seconded by Mr. Norris, the Board unanimously voted to adjourn at 11:55 a.m.**

**Next Meeting Date:**

The next scheduled VSTRS meeting is a conference call meeting on Thursday, December 11th, 2014 at 3:30 p.m.

Respectfully submitted,



Kathie Kretzer  
Secretary to the Board

